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NUMBER AND SALES OF FOOD AND  
BEVERAGE RETAILERS

TRI-AGENCY READING ROOM

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NUMBER AND SALES OF FOOD AND BEVERAGE RETAILERS 1/

The number of food stores (establishments) decreased 17 percent between 1954 and 1963, according to the Census of Business (table 11). During this time, total sales of these stores increased by 44 percent. Part of the sales increase was due to price increases; retail prices of food for use at home increased 7 percent (table 13). Also, the proportion of sales of nonfood items has increased relative to food sales. Sales of alcoholic beverages and other nonfood items by food stores increased from 14.9 percent of total sales in 1954 to 22.5 percent in 1963, based on annual surveys conducted by Food Field Reporter. In addition, 1963 data include Alaska and Hawaii.

About three-fourths of all establishments classified as food stores are grocery stores. Remaining food stores have decreased in number faster than have the grocery stores, except for the retail bakeries. 2/ Retail bakeries was the only specialty food store group to show an increase in sales over the 1954-63 period; but its sales were up only half as much as sales by grocery stores. As a result, part of the large increase in sales by grocery stores was a substitution for food sales by other food stores.

The number of eating places increased 15 percent between 1954 and 1963 and their sales rose 59 percent. These strong uptrends are consistent with the tendency for away-from-home eating to increase at a more rapid pace than food purchased for home use from food stores. 3/ Also, prices have risen faster. Food away from home rose in price by 27 percent during the 9-year period (table 13). Among eating places, caterers and limited-line places of refreshment increased in number and size more rapidly than did restaurants, lunchrooms, and cafeterias.

Mail-order houses and vending machine operators selling mostly food products increased total sales substantially during the period under study.

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2/ One reason for this decline was statistical; in 1954 leased departments in stores were counted as separate establishments but in 1963 they were not. Specialty businesses such as meat markets and fruit stores are more likely to be leased departments than are grocery stores. As a result, the decline in number of specialty food stores probably is overstated.

3/ When the Consumer Price Index was revised in January, 1964, food away from home was given an index weight of 20.2 percent of the all-food total compared with 18.0 percent in the "old" index. "Consumer Price Index Revision," National Food Situation, NFS-108, May 1964, pp. 18-24.

Table 11.--Number and sales of food and beverage establishments, 1954 and 1963

Kind of business	Number of establishments			Total sales			Sales per establishment		
	1954	1963	Percent change	1954	1963	Percent change	1954	1963	
	No.	No.		Mil. dol.	Mil. dol.		Thou. dol.	Thou. dol.	
Food stores	384,616	319,433	-17	39,762	57,079	+44	103	177	
Grocery stores, including delicatessens:	287,572	244,838	-15	34,901	52,566	+51	121	215	
Meat markets	22,896	16,457	-28	1,944	1,530	-21	85	93	
Fish (seafood) markets	4,458	3,630	-19	184	176	-4	41	48	
Fruit stores, vegetable markets	13,136	8,874	-32	485	412	-15	37	46	
Confectionery stores	20,507	14,979	-27	568	499	-12	28	33	
Retail bakeries	19,034	18,631	-2	862	1,080	+25	45	58	
Dairy product stores		6,346			515			81	
Egg and poultry dealers		2,697			154			57	
Other food stores	17,013	2,981	-29	818	147	0	48	49	
Eating places	195,088	223,876	+15	8,731	13,919	+59	45	62	
Restaurants, lunchrooms	1127,488	156,477	+28	17,289	10,177	+52	57	65	
Cafeterias	25,261	51,624	+104	636	2,106	+231	25	41	
Refreshment places	11,239	9,132	+637	191	745	+719	73	82	
Caterers									
Drinking places	123,887	110,605	-11	4,360	4,493	+3	35	41	
Liquor stores	31,240	40,188	+29	3,181	5,189	+63	102	129	
Mail-order houses selling mostly food	1114	175	+54	113	57	+338	114	326	
Vending machine operators selling mostly food and beverages	11,332	3,243	+143	1226	582	+158	170	180	
House-to-house selling organizations selling mostly food	14,115	19,158	+366	1708	750	+6	172	39	

1/ Includes only establishments with payrolls.

1954 and 1963 Censuses of Business.

The comparative data in table 11 are not entirely consistent, however. The data for 1954 cover only the establishments that had a payroll. <sup>4/</sup> This same problem arose in comparing data on house-to-house selling operations; the number reported for 1954 appears to be substantially understated relative to that for 1963. There was actually a decline between 1954 and 1963 in number and sales of operators with a payroll. The data for vending machine operators do not include machines operated by establishments classified in other industries, which may be a sizable part of total vending machine sales.

In 1963, grocery store sales averaged \$215,000 per establishment. This average is low compared to present-day concepts of a supermarket. The Super Market Institute defines a supermarket as a self-service store with minimum sales of \$1 million a year; their members averaged \$1.9 million in sales in 1963. <sup>5/</sup> Obviously, a large number of small stores kept average sales of the industry at a relatively low level. But, average sales by grocery stores rose by about three-fourths during the 1954-63 period. No doubt much of the increase was due to a decline in the number of small stores; details by sizes of stores and firms soon will become available from the 1963 Census of Business. Grocery store sales per establishment were 2 to 6 times larger than were average sales by the other groups of food stores in 1963 and were about 3 times larger than average sales by eating places. Cafeterias stand out as having the largest average volume per establishment among the groups of eating places.

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<sup>4/</sup> Data for 1963 that are comparable with those for 1954 (only establishments with payrolls) are as follows:

	<u>Number of Establishments</u>	<u>Sales (Mil. dol.)</u>
Restaurants, lunchrooms, cafeterias	134,180	10,671
Caterers	7,044	708
Mail-order houses selling mostly food	175	57
Vending machine operators selling mostly food and beverages	1,717	562
House-to-house selling organizations selling mostly food	1,994	438

<sup>5/</sup> Super Market Institute, The Super Market Industry Speaks, 1964, Sixteenth Annual Report, p. 11.





